

**Office of the Insurance Commissioner**  
**2006 Legislation Wrap-up**  
**April 2006**

| <b>Subject</b>   |  | <b>Bill Summary or Background</b>   | <b>Action</b>   |
|--|--|---|---|
| <b>OIC Request Legislation</b>                                     |  |   |   |
| <u><b>HB 2406 Insurance Statutes</b></u>                           |  |   |   |
| Sec. 1- 4  | P&C Actuarial Opinion                  | Require P&C insurers to prepare and file actuarial opinion and summary of opinion. Based on an NAIC Model Act. Will be required for accreditation in the near future. Effective December 31, 2007.  | Notify Affected Parties.<br><b>Lead: Company Supervision</b>  |
| Sect. 5,8,9, 10  | Submission of Financial Statements     | Requires only <b>domestic</b> entities file with the commissioner financial statements of the previous year on or before March 1st of the current year. Clarifies that financial information can be filed <b>on</b> or before the first day of March. Effective June 7, 2006  | Notify Affected Parties<br><b>Lead: Company Supervision</b>   |
| Sec. 6   | Negative Trend Test for P&C insurers   | Adds a negative trend test for property and casualty insurers as a criterion for a "company action level event. Effective June 7, 2006  | Notify Affected Parties<br><b>Lead: Company Supervision</b>   |
| Sec. 7   | Eliminate Double Reporting Requirement | Removes the requirements in RCW 48.43.045(2) that a supplemental compensation exhibit be prepared by health carriers. This requirement is redundant with information already reported in the annual statements. Effective June 7, 2006  | Notify Affected Parties<br><b>Lead: Company Supervision</b>   |
| Sec. 11  | Repeal of Outdated Sections            | Repeals RCW 48.05.490 – RBC reports for 1995, and RCW 48.43.365 – RBC report for 1998. Both sections are obsolete.  | None  |
| Sec. 12-13   | Fire Marshal                           | Completes the "divorce" between the Fire Marshal's office and the OIC. Recodifies all of chapter RCW 48.48 (State Fire Protection) in chapter RCW 43.43. Effective June 7, 2006   | None  |
| 14   | Group Life Fix                         | Cleans up double amendment (2005 session) to RCW 48.24.030 regarding group life insurance. Effective June 7, 2006   | None  |
| 15   | Flood Insurance Education & Training   | Require P&C insurance agents to comply with federal requirements (Section 207 of the Flood Insurance Reform Act of 2004) for pre-licensing training and continuing education on Federal Flood Insurance Plan. Effective June 7, 2006  | Monitor Federal action.<br><b>Lead: Consumer /Licensing w/Policy</b>                                      |
| 16   | TRICARE Supplements                    | Add TRICARE supplements to the list of exceptions under the definition of "health plan" or "Health Benefit Plan". Effective June 7, 2006  | None  |
| 17   | UIMPD Wavier                           | HB 1716 from 2005 – removes the requirement for a written rejection when a named insured or spouse chooses a lower limit of property damage coverage related to uninsured motorist. Effective June 7, 2006  | Modify Market Conduct Exams<br><b>Lead: Company Supervision</b>   |
| <u><b>SHB 2415 Victim of Uninsured Motorist (Ethel's bill)</b></u> |  | Coverage is required whether or not an event was intentional unless the insurer can demonstrate that the insured intended to cause the damage for which they are seeking coverage. "Accident" is defined as an occurrence that is unexpected and unintended from the standpoint of the covered person. This definition of "accident" is to be used in the statute and in the section of policies providing uninsured motorist coverage.<br><br>Effective date: June 7, 2006 | Action: Letter to Governor, letter to Fairley.<br><br>Rules: None<br><br><b>Lead: Legislative Liaison</b> |

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| <u><a href="#">SHB 2500 Health Carrier Information</a></u> | <p>Each carrier offering a health benefit plan must annually submit to the Insurance Commissioner certain enumerated financial and enrollment information derived from the carrier's annual statement. The information, to be submitted electronically, must be presented in five categories: total, individual contracts, small group contracts, large group contracts, and government contracts. The Commissioner will make the information available to the public in a format that allows comparisons among carriers through a searchable public web site. The Commissioner is directed to work with disability insurers to use, as much as possible, information from the annual statement forms already filed.</p> <p>Effective date: June 7, 2006</p> | <p>Action: Create reporting requirements and reporting forms.</p> <p>Create web site.</p> <p>Rules: Maybe</p> <p>Implementation Plan: Policy</p> |
| <u><a href="#">HB 2501 Mental Health Services</a></u>      | <p>Clarifies that coverage for mental health services as defined in RCW 48.21.241, 48.44.341, and 48.46.291 applies to all group health plans for groups other than small groups as defined in RCW 48.43.005</p> <p>Effective date: Immediately upon Governor signing</p>  | <p>Action: Review forms.</p> <p>Rules: None</p> <p>Lead: Rates and Forms</p>   |
| <u><a href="#">SHB 2553 Service Contracts</a></u>          | <ul style="list-style-type: none"> <li>• Defines terms including "protection product," "protection product guarantee," and "protection product guarantee provider."</li> <li>• Establishes registration, financial, and record-keeping requirements for guarantee protection product providers.</li> <li>• Expands the service contract chapter to include motor vehicle service contracts.</li> <li>• Repeals the Chapter regulating motor vehicles service contracts.</li> </ul> <p>Effective date: October 1, 2006</p>  | <p>Action: Notify effected parties of new licensing and form requirements</p> <p>Rules: None</p> <p>Implementation plan: Policy</p>              |
| <u><a href="#">SB 6231 Private Air Ambulances</a></u>      | <p>Exempts qualified air ambulances services that sell member subscriptions from the Insurance Code.</p> <p>Effective date: June 7, 2006</p>   | <p>Notify effected parties of filing requirements.</p> <p>No rules.</p> <p>Implementation Plan: Policy</p>                                       |
| <u><a href="#">SSB 6234 Insurance Fraud Program</a></u>    | <p>Establishes an insurance fraud program within the office of the insurance Commissioner.</p> <p>Requires the Commissioner to prepare an annual report of the activities of the fraud program. The report shall be submitted to the legislature no later than March 1st for the prior calendar year. The report shall, at a minimum, include information as to the number of cases reported to the Commissioner, the number of cases referred for prosecution, the number of convictions obtained, and the amount of money recovered .</p> <p>Effective date: July 1, 2006</p>  | <p>Action: Implement Fraud Program</p> <p>Rules: Yes</p> <p>Implementation Plan: Policy</p>  |
| <b>"Other" Legislation</b>                                 |  |  |
| <u><a href="#">SHB 1257 – Motorcycle Insurance</a></u>     | <p>Provides an opportunity to reject motorcycle or motor driven cycle insurance coverage. Provides an opportunity for named insureds or their spouses to reject the coverage in writing.</p>   | <p>Action: None</p> <p>Rules: None</p>   |

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|   | Effective date: June 7, 2006  |   |
| <a href="#"><u>2SHB 2292 Health Care Liability Reform</u></a>           | <p>Insurance aspects:</p> <ul style="list-style-type: none"> <li>Requires insurers, self-insurers and claimants to report settlement of medical damages claims, also know as closed claims, to the OIC (hospitals now exempt from this reporting.)</li> <li>Requires malpractice insurers to give 90 days notice – double the existing requirement – to doctors prior to cancellation of coverage.</li> <li>Requires prior approval by the OIC of new malpractice insurance rates. Insurers must submit proposed rate increases 30 days in advance.</li> </ul> <p>Effective date: June 7, 2006<br/>Sec. 110 &amp; 210 July 1, 2006<br/>Sec. 211, 212, and 213 January 1, 2007</p> | <p>Action: Implement reporting system. Notify effected parties of changes.</p> <p>Rules: Extensive rule making required.</p> <p>Implementation Plan: Rates &amp; Forms</p>  |
| <a href="#"><u>SHB 2481 Insuring Victims of Crimes</u></a>              | <p>Insurers may not cancel or nonrenew, or change the terms or benefits of a property insurance policy of a health care facility, independent clinic or provider, or a religious organization because of a claim for loss incurred due to arson or malicious mischief. Insurers must notify the OIC if they take underwriting actions (during a five year period) against insureds who have filed claims based on the crimes of arson or malicious mischief.</p> <p>Effective date: June 7, 2006</p>  | <p>Action: None</p> <p>Rules: None</p>  |
| <a href="#"><u>E2SHB 2572 Small Employer Health Insurance</u></a>       | <p>The OIC must certify that the small employer plans are at least actuarially equivalent to the basic health plan benefit.</p> <p>The OIC may need additional actuarial staff to do this task, but will likely hire a consultant for this purpose.</p> <p>Effective date: June 7, 2006</p>   | <p>Action: Certify that the small employer plans are at least actuarially equivalent to the BHP benefit.</p> <p>Rules: None</p> <p>Lead: Rates &amp; Forms</p>  |
| <a href="#"><u>SHB 2678 Pollution Liability Ins. Agency</u></a>         | <p>Reauthorizes the Pollution Liability Insurance Program until June 1<sup>st</sup> 2013</p> <p>Effective date: June 7, 2006</p>  | <p>Action: None</p> <p>Rules: None</p>  |
| <a href="#"><u>SHB 2776 Home Heating Fuel</u></a>                       | <p>Creates a new chapter in title 48 regarding service contracts for home heating fuel providers. Requires registration of home heating fuel contract providers</p> <p>Effective date: June 7, 2006</p>   | <p>Action: Notify affected parties.</p> <p>Rules: None</p> <p>Lead: Policy</p>  |
| <a href="#"><u>HB 2972 Determining Community Rates/Health Plans</u></a> | <p>Health benefit plans may be offered to individuals who are part of purchasing pool consisting of 500 people in the same industry. The plans will allow contributions from more than one employer and will have premiums calculated using an adjusted community rating method spreading financial risk across the entire purchasing pool the individual belongs to.</p> <p>Letters due no later than 8-1-06.</p> <p>Effective date: June 7, 2006</p>  | <p>Action: The OIC is required to request an opinion from the federal Departments of Labor, Treasury, Health and Human Services, or any other appropriate agencies of federal government, asking whether this program is permissible under federal laws or regulations.</p> |

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|  |  | Rules: None.<br><br>Lead: Policy w/Legal                                   |
| <a href="#"><u>SSB 6188 Prostate Cancer Screening</u></a>              | After December 31, 2006, health plans are required to cover prostate cancer screening. This does not prevent the application of standard policy provision applicable to other benefits, such as deductibles.<br><br>Effective date: June 7, 2006   | Action: Place on web site.<br><br>Rules: None<br><br>Lead: Rates and Forms |
| <a href="#"><u>ESSB 6459 Community Based Health Care Solutions</u></a> | Establishes the community health care collaborative grant program to further the efforts of community-based organizations to increase access to health care for state residents, particularly those who are employed, but uninsured or underinsured.<br><br>The bill directs the HCA to consult with the OIC (and other state agencies) when granting awards.<br><br>An evaluation of the grant program, highlighting particularly successful programs and including recommendations from the participating organizations on what the state should do to further support community-based health care access efforts is due by July 1, 2008 | Action: Designate liaison with HCA.<br><br>Rules: None<br><br>Lead: Policy |
| <b>Budget Provisos That Require Action</b>                             |  |  |
| <b>Market Analysis</b>   | The budget including funding for three positions to continue development of a market analysis program.   | Action: Create implementation plan.<br><br>Lead: Company Supervision       |
| <b>Blue Ribbon Commission on Health Care Cost and Access</b>           | Chaired by the Governor, the commission will consist of 14 members including the Insurance Commissioner, or his designee. By December 1, 2006, the commission shall recommend to the governor and the legislature a sustainable five-year plan for substantially improving access to affordable health care for all Washington residents.  | Action: Appoint designee.<br><br>Lead: Policy                              |